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STATE OF WISCONSIN INVESTMENT BOARD

The State of Wisconsin Investment Board (SWIB) is a state agency that invests one of the largest pension funds in the world. It directs a portion of its private debt investments to Wisconsin companies. The Investment Board offers a unique product and an opportunity for a long-term financing relationship. SWIB can be a good partner with your company's banks, providing long-term financing as a complement to short-term bank lending. More than 100 businesses have received financing over the past 20 years. Many have had multiple loans as their business expanded.

Both debt and mezzanine financing are available. Mezzanine financing takes the form of a subordinate loan supplemented by warrants or company stock. The loan generally has a five-year maturity. Typically the interest rate is 10% to 12%. Total return should be about 16%. Approved loans usually run 10 to 15 years. Interest rate, set when the loan is made and fixed for the entire term, is based on:

- rates on current US Treasury bonds
- rates on public corporate bonds
- credit quality of the borrower

Loans are generally used to finance long-term business needs, such as purchasing fixed assets or refinancing short-term or long-term obligations. Fixed assets are often used as collateral. In some cases, a parent corporation may guarantee the loan. In other cases, a personal guarantee of the owner or major shareholders may be used. Criteria for ideal loan candidates includes:

- minimum of five years operation
- controlling owners/key management located in state
- strong record of sales growth, profitability and cash flow
- reasonable levels of debt and equity

More information about the Wisconsin Private Debt Program is available by contacting us at:

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